



NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

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STATEMENT BY

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EXECUTIVE DIRECTOR

of the

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

to the

COMMITTEE ON GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

10 September 1985

TESTIMONY BEFORE THE
SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS
10 September 1985

Mr. Chairman and members of the committee, I appreciate this opportunity to appear before you today to present the views of the National Guard Association of the United States on the provisions of the Civil Service Pension Reform Act, S.1527.

The Association supports the overall design of the proposed retirement plan, which utilizes a three-tier system of Social Security, a defined benefit plan and a thrift savings plan. We are especially appreciative of the concern shown by this committee for the nearly 47,000 military technicians who, by law must maintain military membership in the Army and Air National Guard as a condition of their federal Civil Service employment, and are subject to mobilization and deployment in their military status.

While we generally support the bill, the Association does have several concerns relating to specific provisions applicable to military technicians.

In passing the National Guard Technicians Act of 1968, Congress anticipated that the eligibility requirements of age 55 with 30 years service for an unreduced annuity would blend well with a technician's military career. This assumption has been proven correct. We fully support continuation of this criteria, and appreciate the committee's inclusion of such a provision in the new retirement plan. ★

★ In 1968, Congress also recognized that the military retention laws would make the discontinued service retirement provisions, at age 50 with 20 years service or at any age with 25 years service, a key factor in the technician program. For example, military separations often occur between the ages of 53 to 55, due to the retention provisions of the Reserve Officer Personnel Act. Even though such individuals take a two percent reduction in annuity

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for every year under age 55, this concept has caused relatively few problems and has proven to be harmonious with the technician's military career.

The National Guard Association believes that the proposed increase in penalty reduction from two percent to five percent for each year under 55 will have a drastic impact on those technicians who, unlike other federal employees, lose their federal Civil Service employment when loss of military membership occurs. Full consideration must be given to the effect of loss of military membership on a technician's Civil Service employment. We urge the committee to reconsider this portion of the bill and continue the two percent provision.

Mr. Chairman, the National Guard Association has one additional important area of concern. You have stated that the proposed legislation is intended to encourage employees to remain for a full career, to maintain the standard of living for a career employee into retirement, and to provide good benefits while restraining costs. We feel the bill establishes an excellent vehicle for accomplishing those goals, through the establishment of the three-tier system. However, the Association is seriously concerned about the possible absence of one of the tiers during an extended period immediately following a military technician's retirement.

The new plan relies on the Social Security tier to provide a substantial portion of the employee's retirement income. The absence of this tier for any period would significantly reduce the retiree's overall annuity and would certainly preclude continuing the employee's previous standard of living into retirement.

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The necessity to provide for retirement prior to eligibility for a Social Security annuity has been recognized for special retirement classes, such as law enforcement officers, firefighters, and air traffic controllers. Provisions for revised retirement eligibility criteria and an annuity supplement until age 62 are included in the bill. The annuity supplement equates to the Social Security tier which is not available from the date of retirement until age 62.

The Association urges the committee to consider a change to the bill to provide for an annuity supplement for military technicians similar to that provided for law enforcement officers, firefighters, and air traffic controllers. The bill recognizes the special circumstances of the military nature of the dual-status National Guard technician by providing for a full defined benefit annuity retirement at age 55. We have discussed the need for a two percent penalty provision because of the possible early loss of military membership and the resultant involuntary termination of federal employment. We also feel that the demands for physical ability, coordination and stamina of the military technician are similar to those of the other special retirement classes.

Under the current provisions of the bill, a National Guard technician would be penalized for early retirement mandated by the military relationship of his employment. For example, a technician who is forced to retire at age 53, due to loss of military membership, would not receive a critical portion of his total retirement annuity for approximately nine years.

The Association believes it is the federal government's responsibility to ensure that these dual-status technicians receive fair and reasonable compensation for their years of faithful and dedicated service. We strongly support a change in the bill to provide an annuity supplement from the date of retirement to age 62.

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In summary, the National Guard Association of the United States looks forward to offering its support for the proposed new three-tier retirement plan. We solicit the committee's support in revising the plan to decrease to two percent the reduction for those National Guard military technicians who are involuntarily terminated prior to age 55 and to provide an annuity supplement from the date of retirement until age 62.

Mr. Chairman, I wish to thank you for the opportunity to present the views of the National Guard Association. I look forward to working with your staff and members of this committee on this important issue.